

**UNITED STATES ARMY  
SECURITY ASSISTANCE COMMAND**



**SUPPLY DISCREPANCY REPORT (SDR)  
STANDARD FORM (SF) 364  
CUSTOMER PAMPHLET**

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DEPARTMENT OF THE ARMY  
U.S. ARMY SECURITY ASSISTANCE COMMAND  
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FORT BELVOIR, VA 22060-5940

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SUPPLY DISCREPANCY REPORT (SDR)  
STANDARD FORM (SF) 364  
CUSTOMER PAMPHLET

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**PURPOSE:** This pamphlet is intended to be used solely as a guide for security assistance customers to assist in determining a valid claim, and to provide assistance with the preparation of the SF 364 to file a claim against a discrepant shipment. The information contained in this pamphlet does not supersede any official document, Letter of Offer and Acceptance or current regulation.

\*This pamphlet supersedes USASACP 12-12 dated 1 September 2000.

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CHAPTER 1

GENERAL INFORMATION

1-1. Reporting Discrepancies. Despite strenuous effort, the U.S. supply system does not always achieve its objective of providing its customers precisely what they order and having it reach them in good condition. When such a situation exists, it is called a discrepancy. The Security Assistance customer of the U.S. Government (USG) will report all discrepancies by preparing an Standard Form (SF) 364, Supply Discrepancy Report (SDR) (formerly referred to as a Report of Discrepancy), and submitting it to:

U.S. Army Security Assistance Command  
ATTN: Applicable Central Case Manager  
54 M Avenue, Suite 1  
New Cumberland, PA 17070-5096

Europe Directorate, datafax number (717) 770-7908  
Mideast/Africa Directorate, datafax number (717) 770-7516  
Asia, Pacific and Americas Directorate, datafax number  
(717) 770-7909

1-2. Billing Discrepancies. Billing discrepancies pertaining to erroneous administrative accessorial charges or erroneous financial mathematical calculations can be mailed directly to:

Defense Finance and Accounting Service - Denver Center  
ATTN: DFAS-DE/F (followed by the country code in  
parenthesis)  
Denver, CO 80279-5000

1-3. Types of Discrepancies. The following types of discrepancies are reported on the SF 364:

a. Overage - A physically received quantity which is in excess of the quantity ordered or indicated on the shipping document. This does not include requisitioned quantities which are adjusted by the source of supply to conform to standard unit pack quantities or minimum buy contracts.

b. Duplicate shipment - The shipment of identical materiel in the same quantity, and under the same document number as materiel requisitioned and already received by the customer.

c. Wrong item (also referred to as **incorrect item**) - An item received in lieu of the item requisitioned. This is an erroneous item shipped due to shipper error and not an intended interchangeable/substitute item.

d. Shortage - The quantity received is less than the quantity ordered, billed or indicated on the shipping document.

e. Total nonreceipt - Items for which billings have been received but no record can be found indicating receipt of materiel by the freight forwarder or at the final in-country destination.

f. Product quality (item) deficiency - A defect or nonconforming condition which limits or prohibits the product from fulfilling its intended purpose. Included are deficiencies in design, specification, materiel, manufacturing, workmanship or functional failures during receipt testing.

g. Damaged or improperly packed shipment - Materiel received in a damaged condition (i.e., corrosion, broken, parts missing) as a result of improper preservation, packing, marking, loading, handling, storage while in USG custody or partial or total marring of the appearance or usability of the materiel for its intended purpose.

h. Insufficient shelf life - Shelf life is the total period of time beginning with the date of manufacture, cure, assembly, or pack that an item may remain in the combined wholesale (including manufacture) and retail storage system and still remain suitable for issue and/or use by the end user. Shelf life is not to be confused with service-life, which is a measurement of anticipated average or mean life of an item. An SDR cannot be submitted for service-life.

i. Billing errors - A discrepancy related to duplicate or multiple billing per individual shipment or a single billing with no ship line. Such billing discrepancies are reportable to the International Logistics Control Office on an SDR. Price verification or challenges are not reportable on an SDR.

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j. Financial discrepancy - A discrepancy related to administrative and/or accessorial charges. These discrepancies will be processed by the Defense Finance and Accounting Service-Denver (DFAS-DE) Center, Deputy for Security Assistance (DFAS-DE/F).

k. Misdirected materiel - Materiel shipped to a destination other than the destination requested by the country ordering the materiel. (Note: The preferred method of reporting misdirected shipments is by contacting the Central Case Manager via email or telephone conversation to expedite the correction process.

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## CHAPTER 2

SUPPLY DISCREPANCY REPORT (SDR)  
SUBMISSION AND PROCESSING REQUIREMENTS

The U.S. Government (USG) takes corrective action or provides reimbursement to the Security Assistance (SA) customer for discrepancies that are determined to be the responsibility of the USG. A discrepancy, other than a billing error, that occurs after materiel title passes to the SA customer is not a discrepancy for which the USG is responsible. The following represents a list of SDR processing requirements which should assist you in better understanding the USG SDR processing system:

a. Defense Transportation System (DTS) transportation discrepancies. Transportation type discrepancies for SA shipments processed through the DTS are not reportable as an SDR. These generally include shipments with delivery term codes 6, 7, 8 and 9.

b. Title transfers at point of shipment. The USG is not liable for damages or loss to the items incurred after transfer of title irrespective of whether transportation is by common carrier or by the U.S. DTS. If it is a shipment discrepancy, it may be either a "shipper discrepancy" or a "carrier discrepancy." If it is a shipper discrepancy, USG responsibility is possible and an SDR should be submitted to the U.S. Army Security Assistance Command (USASAC). If it is a carrier discrepancy, responsibility normally does not rest with the USG and an SDR should not be submitted. This is because title to the materiel passes to the SA customer when it is received by a carrier at the source of supply. In instances of a carrier discrepancy, when title of the materiel has passed to the SA customer, the SA customer's representative or freight forwarder should initiate a claim for reimbursement against the carrier. The claim is between the customer and the carrier/freight forwarder and should not be reported on an SDR.

c. Loss (total nonreceipt). The customer will advise the freight forwarder to review shipping status of materiel and initiate tracer action with the carrier, prior to submitting an SDR for nonreceipt. The freight forwarder will determine if the materiel was received from the shipper. If materiel was



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received, they will respond to the customer with that information.

(1) If materiel was not received, the freight forwarder must provide documentation to the customer verifying the materiel was not received at the freight forwarder's warehouse on the requisition and transportation control numbers that apply. The customer will submit the SDR to USASAC and attach the documentation received from the freight forwarder. **The SDRs received without this documentation will be returned as incomplete unless an exception has been granted.**

(2) The USG will provide the customers evidence which shows the USG has shipped or released the materiel in question to a commercial carrier. The SDR will be returned to the customer along with copies of the shipping documentation advising the customer to notify the freight forwarder to initiate a claim against the carrier on behalf of their government. If evidence of shipment cannot be provided, a credit adjustment will be issued for the dollar value of the original debit bill.

d. Misdirected shipments. In instances when a freight forwarder receives misdirected or incorrect shipments the freight forwarder should contact the Central Case Manager (CCM) to obtain disposition instructions and reimbursement of any costs incurred. This notification may be in the form of a letter or message; however, the preferred method is by email or telephone conversation with the CCM to expedite the correction process.

e. Use Standard Form (SF) 364 or electronic format. All other discrepancies involving U.S. Army managed SA cases must be submitted on an SF 364. The SF 364 is utilized as a source document for possible financial adjustment, disposition instructions or information only. The SDRs may be forwarded via SF 364 or authorized electronic/automated formats. Countries with Supply Tracking and Reparable Return/Personal Computer (STARR/PC) capabilities may submit SDRs electronically using the STARR/PC system.

f. Dollar value submission criteria. The Letter of Offer and Acceptance (LOA) establishes the minimum dollar limit for submission of SDRs. SDRs less than \$200 are not reportable for SA cases prepared after 1 June 1992; and less than \$100 for cases prepared prior to 1 June 1992.

g. Timeframe for submission. Claims for discrepant shipments must be received in the International Logistics Control Office (ILCO) within the time frames cited in the LOA. **Discrepancies must be filed within 1 year from date of passage of title (date shipped)**, with the exception of a claim for nonshipment/nonreceipt of an entire lot (which must be received within 1 year from passage of title or billing, whichever is later). Consideration will be given to latent defects on a case-by-case basis if the criteria in paragraph h below are met.

h. Latent defects. The definition of "latent defect" is: A flaw or other imperfection in an article discovered after delivery to the customer. Such defects are inherent weaknesses which normally are not detected by examination or routine test, but which are present at time of manufacture. **Latent defects apply only to the operability of the item.**

(1) For a problem to qualify as a "latent defect", the customer must provide evidence that a receipt inspection was performed and the defect could not have been determined at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling.

(2) Once these conditions are met, the customer should submit an SDR clearly marking it as a "latent defect." The SDR must be accompanied by detailed deficiency data to include as a minimum the information in Item 10d on page 3-3 of this pamphlet. Photographs, test data and any other documentation would be very helpful. Successful resolution of the SDR depends on the completeness of the information provided, the customer's adherence to the criteria for latent defects and the timeliness of the SDR submission after discovery of the latent defect.

i. Quality deficiencies. For product quality deficiencies, the SA customer **must** provide evidence that a receipt inspection was performed and the defect could not be detected at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling. The date of the receipt inspection should be provided on the documentation and the documentation should be in English. Quality deficiencies

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include deficiencies in design, specification material, manufacture, and workmanship.

j. Replacement requisitioning. As a general rule, the SF 364 will not be submitted for replacement of materiel; but the replace/repair option remains an alternative available to the item manager/program manager or contractor when this represents the most reasonable solution. In most cases, credit will be issued to satisfy claims on valid discrepancies. Materiel that is still required must be requisitioned utilizing a current SA case.

k. Partial shipments. Each SDR will be submitted for one shipment or partial shipment. Claims submitted against more than one shipment or partial shipment utilizing a single SF 364 will be returned without action. **Partial shipments cannot be consolidated for reporting purposes.**

l. Mailing hard copy SDRs. When sending hard copy SDRs via the mail, forward the original and at least two legible copies of the SF 364 to USASAC.

m. Supporting documentation. We recommend you provide two copies of the supporting documents, photographs and the applicable release/receipt document which accompanied the materiel (DD Form 1348-1a, "DOD Single Line Item Release/Receipt Document," DD Form 250, "Materiel Inspection and Receiving Report," DD Form 1155, "Order for Supplies or Services/Request for Quotations Number" or DD Form 1149, "Requisition and Invoice/Shipping Document"). The SDRs submitted involving receipt of materiel (i.e., shortage, overage, damage, wrong item, duplicate shipment, misdirected shipment, quality or shelf life) should be accompanied by release/receipt (shipping) documents.

n. Timeframe for billing discrepancies. Claims for billing discrepancies should be submitted no later than 1 year from the date of the billing transaction that caused the discrepancy.

o. Requests for reconsideration. When an initial SDR reply is unacceptable to the SA customer, the SDR request for **reconsideration must be received in the ILCO within 90 days** of the date of the initial reply. Substantiating documentation to include information that was not filed, the original SDR should be attached to the "Reconsideration Request" to justify reopening

the SDR. This resubmittal may be by letter or message and does not require preparation of another SF 364.

p. Contested SDRs. When the second SDR reply is unacceptable to the SA customer, the customer may "contest" the SDR by resubmitting it a second time, clearly marking it as "Contested Report of Discrepancy (ROD)." This resubmittal with substantiating documents **must be received in the ILCO within 90 days** of the date of the second reply. **A contested SDR cannot be appealed.** The reply is "Final."

q. Materiel returns time limitations. When a reply directs return of materiel, the country must provide USASAC with evidence (usually a receipted copy of DD Form 1348-1) that materiel was shipped into USG custody within 180 days of the date of reply. If turn-in documentation is not provided, financial adjustments may be affected accordingly. If an extension to the 180 days is required due to extenuating circumstances, a request for extension must be sent to USASAC prior to the suspense date. Then USASAC will contact the supply source to request the additional time and will advise the customer of approval or disapproval of the extension.

r. The SDR Correspondence. All correspondence associated with SDR processing between the SA customer and the USG will be directed to/from the USASAC (the ILCO).

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CHAPTER 3

INSTRUCTIONS FOR PREPARATION OF  
STANDARD FORM (SF) 364

3-1. Instructions for Preparation of the SF 364:

a. Item 1. Date of preparation - Use month, day and four-position year format.

b. Item 2. Report number - The control number of the Supply Discrepancy Report (SDR) consists of one-alpha character to identify the initiating office in-country, four-numeric characters for number control and two-alpha characters for the purchaser country and three to six alphanumeric characters of the Security Assistance (SA) master and line item case designator (i.e., A0010-SS-KBA/KBD or A0010-SS-KBA/001). For any unnumbered SDRs received, the International Logistics Control Office (ILCO) will assign number x9000 to x9999 and advise the foreign customer on the receipt acknowledgment letter. Suffix code R added to the report number indicates the purchaser has asked for reconsideration of the report disposition. Suffix code C added to the report number indicates the purchaser has contested the U.S. Government's (USG) decision on a request for reconsideration.

c. Item 3. To:

Army: U.S. Army Security Assistance Command  
ATTN: Applicable Central Case Manager  
54 M Avenue, Suite 1  
New Cumberland, PA 17070-5096

Air Force: Air Force Security Assistance Center  
ATTN: AFSAC/COSD  
5490 Pearson Rd  
Wright-Patterson AFB, OH 45433-5332

Navy: Commanding Officer  
Naval Inventory Control Point  
ATTN: Code P75112C  
700 Robbins Avenue, Building 4B  
Philadelphia, PA 19111-5095

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d. Item 4. From: Complete name and mailing address of the SA purchaser (consignee). The "in-the-clear" address will be entered.

e. Item 5a. Shipper's name: Name and address of the shipper. When the shipper is a vendor/contractor, the name of the Government activity which directed shipment (consignor) of the item will be entered.

f. Item 5b. Number and date of invoice: Number and date of vendor's invoice or shipper's bill number. Attach copy of invoice to the SF 364.

g. Item 6. Transportation document: Enter the type of transportation document Government Bill of Lading (GBL), Commercial Bill of Lading (CBL), manifest, waybill, insured/certified U.S. Postal Service or Transportation Control and Movement Document (TCMD) and the identifying number assigned to such document. This is a mandatory entry when shipment received was made via traceable means (e.g., GBL or CBL). When shortages are involved, the following statement should be included in Item 12: "Shortage has been verified as not being transportation related."

h. Item 7a. Shipper's number: Enter shipment number (when more than one shipment is made under a contract or requisition) and the contract/document number (e.g., contract or purchase order). Include the shipment date to distinguish multiple shipments from a contractor source. Only one document number will be reported on each SF 364 identified by suffix or shipment date.

i. Item 7b. Office administering contract: Name, address, and zip code of the Contract Administration Office which directed/arranged shipment.

j. Item 8. Requisitioner's number: Enter the requisitioning activity's number (e.g., document number on purchase request, including suffix). The applicable requisition document number is mandatory in all instances, even though a contract/purchase order is involved. Only one requisition document number will be included on each SF 364. In instances where there are multiple shipments against the same requisition (document number), identify the discrepant shipment by suffix code or shipment date.

k. Item 9a: National Stock Number (NSN)/part number and nomenclature: If item received is different from item shown on shipping documents, or different from item ordered, each item should be shown on a separate line. This will clearly depict what item was ordered and what item was received. For serial numbered principal items, sets, kits and outfits, list the item individual serial number first, followed by the discrepancies applicable to that serial number. (Note: Sets, kits and outfits showing an assembly order number, the assembly order number should also be listed.)

l. Item 9b. Unit of issue: Unit of issue as billed or indicated on shipment document for each item listed in Item 9a.

m. Item 9c. Quantity shipped/billed: Enter quantity of item shipped or billed. If code C1 is applicable, enter the quantity and the supply condition code (see DOD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures or Defense Logistics Management System (DLMS), Volume 2, Chapter 14) of the item shipped (e.g., 980A as shown on shipping document).

n. Item 9d. Quantity received: Enter the quantity of item received.

o. Item 10a. Discrepant quantity: Enter the discrepant quantity. If code C1 is applicable, enter the quantity and the supply condition code (see DOD 4000.25-2-M or DLMS, Volume 2, Chapter 14) of the item received. If total quantity received is classified under more than one condition code, enter separately each partial quantity so classified, followed by the applicable condition code (e.g., 960A, 20F).

p. Item 10b. Discrepancy unit price: Enter the unit price as billed or shown on shipping document.

q. Item 10c. Discrepancy total cost: The total value of discrepant materiel (10a x 10b).

r. Item 10d. Discrepancy code: Nature of the discrepancy using the discrepancy codes listed in enclosure 6 of the latest version of DLA 4140.55, Reporting of Supply Discrepancies (see Appendix A). If a condition exists that is not listed, code Z1



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should be entered and the discrepancy described in Item 12, Remarks. Note: For Product Quality Deficiencies, the SA customer must provide evidence that a receipt inspection was performed and the defect could not be detected at that time and that the defect is present for reasons other than deterioration or damage incurred during storage or handling. Quality deficiencies include deficiencies in design, specification material, manufacture and workmanship. The submitter may identify latent defects and quality deficiencies which result in a safety hazard. A detailed description of the complaint may be provided if needed to supplement discrepancy codes. In addition provide photographs, test data and related documentation, if available. When reporting product quality deficiencies or expired shelf life, enter the following information under Item 12, Remarks, when known:

- (1) Manufacturer's name and Commercial and Government Entity Code (if available).
- (2) Contract/purchase order number if not shown in Item 7a.
- (3) Date manufactured, date cured, date assembled, date packed (apply one as appropriate) and expiration date for Type I (nonextendible) shelf-life items and inspection or test date for Type II (extendible) shelf-life items. Include the date overhauled/rebuilt if pertinent.
- (4) Lot/batch or serial number.
- (5) Location of material.
- (6) Name, address and telephone number of point of contact.
- (7) Nature of complaint stating in detail why material is unsatisfactory.
- (8) The item condition -- new, repaired or overhauled.
- (9) Operating time at failure.
- (10) The end item the deficient item works on or with.

(11) Estimated cost of repair.

(12) Provide a copy of the serviceable tag if applicable.

s. Item 11. Action code: Enter requested action enclosure 5 of latest version of DLAI 4140.55 (see Appendix B) or from codes listed on the face of the SF 364. If action is other than that covered by listed action code, code 1Z should be used and requested action defined in Item 12, Remarks. Action codes 1D, 1E or 1F will not be used on reports prepared on SA shipments. Materiel still required must be requisitioned using a current SA case.

t. Item 12. Remarks: Any supplemental information to clarify the discrepancy, specific data such as appearance, lot/batch number, manufacture/packaging date, inspector should be entered here. Telephone number (DSN/Commercial) of the individual to be contacted for additional information, if different than what is entered in Item 14A, should be specified. If medical materiel requiring refrigeration or frozen storage is involved, the information requested on the special instructions sheet which is included with shipments of such materiel should be provided. Photos should also be provided if they would assist the shipping activity in determining the cause of the discrepancy. When the SDR reports materiel shortage, the following statement is required in Item 12: "Shortage has been verified as not being transportation related."

u. Item 13. Funding and accounting data: Not applicable.

v. Item 14a. Typed or printed name, title and phone number of preparing official: Self-explanatory.

w. Item 14b. Signature of country representative: Self-explanatory.

x. Item 15. Distribution addresses for copies: Not applicable.

There is no requirement for entries by the SA customer in the remaining sections (the reverse) of the SDR, SF 364.

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3-2. Timing of SDR Preparation and Submission. It is important that SDRs are prepared and submitted as promptly as possible. The SDRs for materiel discrepancies received at the U.S. Army Security Assistance Command (USASAC) after the time limits outlined in Chapter 2 will be denied. Suggested guidelines which may be used in SDR preparation/submission are:

a. Prepare an SDR as soon as it is clearly established that a discrepancy exists which is the responsibility of the USG.

b. Receipt of shipping status indicates that the materiel has been released, normally to the freight forwarder. A thorough investigation should be conducted prior to submitting an SDR. Materiel may be delayed at any point in transit: carrier, freight forwarder, port of entry, etc. Upon receipt of shipping status, allow sufficient time for physical receipt of the materiel before submitting an SDR.

c. Forward the original and at least two legible copies of each SDR to USASAC by the most expedient means possible to minimize transit time.

3-3. Documents Which Should Accompany the SDR. In order to facilitate the processing of SDRs submitted by SA customers and to permit their rapid and definitive resolution, it is imperative that copies of pertinent documents be forwarded to the ILCO with the SDR. Examples of "pertinent documents" for various types of SDRs are provided below:

a. Shipping documents for SDRs involving shortage or excess shipment, receipt of materiel in damaged or deficient condition, receipt of expired shelf life materiel or receipt of wrong materiel.

b. The SA delivery listing reflecting erroneous billings.

c. Photographs of materiel for SDRs involving damaged, defective or mislabeled materiel. Provide photographs of materiel in the condition they were received. Annotate all photographs provided with the SDR. State whether they are "the item requisitioned," "the correct item received" or when they are used to identify missing parts. Provide clear identification of the missing parts and include NSNs whenever possible. Also, when reporting a broken item, a picture of the item with the break clearly marked is helpful.

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d. Photographs of labels identifying lot, batch and cure date. Including enlarged, readable pictures of the label on the item and also the outside label can facilitate processing as they often include the contract number, manufacturer, etc.

e. Technical manual number and edition date. When reporting missing items, an enlarged, readable copy of pertinent drawings showing the discrepancy will facilitate processing.

f. All documents referenced in Item 12 of the SF 364, such as message, letter, etc.

g. Deficiency data for quality or condition SDRs.

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## CHAPTER 4

### RETURN OF DISCREPANT MATERIEL

4-1. Disposition of Discrepant Materiel. As a general rule, the Security Assistance customer should retain Supply Discrepancy Report (SDR) materiel until receipt of disposition instructions from the U.S. Army Security Assistance Command (USASAC) (the International Logistics Control Office. When the U.S. Army directs the return of discrepant materiel to U.S. Government (USG) custody, the following steps will be followed:

a. Disposition instructions will be provided to the customer via letter or memorandum with copies of a DD Form 1348-1a containing shipping instructions for the return of the incorrect items, duplicate shipments, unacceptable substitutes, defective materiel, damaged or quality deficient items to a Continental United States depot.

b. The customer will place one copy of the DD Form 1348-1 inside the package/container and insert two copies in a waterproof envelope securely attached to the outside of the package/container. If this paperwork is not properly attached and gets torn off of the package during transit, it may delay or prevent credit from being given. Also, ensure the carrier records the Transportation Control Number on the carrier invoice in order for them to obtain reimbursement on the Collect Commercial Bill of Lading (CCBL).

c. Do not consolidate or combine discrepant materiel returns into one package. Each requisition number must be returned individually in accordance with the disposition instructions provided by USASAC.

d. Customers are limited to 180 days from the date of the disposition instructions to return the materiel to USG custody. In some cases when a return is directed by a contractor, a shorter suspense might be imposed by the contractor.

e. If materiel is not returned within the specified time frame, the SDR will be cancelled absolving the USG of any further responsibility.

f. Except where otherwise indicated, all disposition instructions found in DD Forms 1348-1a advise the customer to

return discrepant materiel to either Norfolk, VA, or Concord, CA, on a CCBL. For payment of the overseas carrier selected by the customer, DoD Transportation personnel at Norfolk or Concord will convert the CCBL to a USG Bill of Lading (GBL).

g. The customer must ensure that the carrier selected understands that payment will be in the form of a GBL, not by check or cash. If an overseas carrier is unwilling to accept a GBL as payment for delivery of discrepant materiel to either Norfolk or Concord, that carrier must not be chosen. Charges generated due to delays caused by carrier refusal to accept a GBL will be assessed against the customer. Also, credit may not be given to the customer if carrier delays cause the 180-day limit to be exceeded.

h. If the customer cannot locate a carrier that will accept a GBL upon delivery of discrepant materiel to Norfolk or Concord, the customer should contact its USASAC Central Case Manager (CCM) for assistance. The USASAC has access to specialists at the Military Traffic Management Command who can assist in finding an approved carrier.

4-2. Reimbursement of Returned Materiel. When the customer country accomplishes the disposition instructions as directed, the country must send notification or mail a copy of the signed DD Form 1348-1a to USASAC to obtain reimbursement for the materiel returned. Upon receipt of the signed DD form 1348-1a, the CCM will request any financial adjustments required. The adjustments will appear on the country's quarterly billing statement (DD Form 645) under the case and line that the materiel was ordered against.

CHAPTER 5

REPAIR AND RETURN SUPPLY DISCREPANCY REPORTS (SDR)  
(MAINTENANCE SUPPORT ARRANGEMENTS (MSA))

There are steps a customer can take to facilitate processing when filing a claim and reduce the chances of lost shipments when returning discrepant items as part of the repair and return process:

a. Insufficient repair by a U.S. Government (USG) repair facility or a contractor repair facility. When an asset has been repaired and returned under an MSA contract and the customer determines the item was not properly repaired, the customer will include an Equipment Inspection and Maintenance Worksheet, DA Form 2404, or its equivalent, when submitting the SDR.

b. Loss of asset at a USG repair facility. When an asset is being returned to a USG facility for repair and is reported as not being received by the repair facility, the customer will provide documentation containing evidence the materiel reached the repair facility.

c. Loss of asset at a contractor repair facility. When an asset is being returned to a contractor's facility for repair and is reported as not being received by the contractor, the customer will provide documentation containing evidence the materiel reached the contractor's repair facility. Then the USG will pursue restitution with the contractor; however, there is no liability on the part of the USG if the contractor fails to make restitution.



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## CHAPTER 6

### SUPPLY DISCREPANCY REPORT (SDR) CUSTOMER REPORTING

6-1. Weekly/Monthly Reports. The customer will receive various weekly and/or monthly reports throughout the life cycle of the SDR. Some examples of these reports are as follows:

a. Acknowledgment of SDRs received: When an SDR is received at the U.S. Army Security Assistance Command (USASAC), it is recorded in the computer system for tracking purposes. An acknowledgment of receipt report is mailed weekly to the Security Assistance customer notifying them that the SDR was received. A sample copy of this report is provided as **Figure 1**.

b. Customer status of open and closed SDRs: The "Customer Status of Open and Closed SDRs" is produced to keep the customer advised of the status of the SDR through completion. This report is forwarded to the country's designated address once each month. **Figure 2** represents a sample of the report. There are two parts to this report. Part one is entitled "Customer Status of Open SDRs" and contains all SDRs received by USASAC that still require some action. Part two is entitled "Customer Status of Closed SDRs" and identifies all closed SDRs that require no further action.

c. SDR Response to Country. Once the SDR reply has been processed within USASAC, it is attached to a letter or closure report (see **Figure 3**) and forwarded to country.

6-2. Processing of Delinquent Discrepancy Reports. Resolution of discrepancies reported on SDRs often require the SDR to be sent to an action agency (Defense Logistics Agency, General Supply Accounting, Air Force, Navy) for further processing. The USASAC will consider the SDR to be delinquent after 55 days have elapsed from the date the SDR was processed to the action activity. Individual follow-ups to the action agency are generated at increasingly higher management levels every 30 days until the SDR is resolved.

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FIGURE 1  
ACKNOWLEDGEMENT OF SDRS RECEIVED

**SAMPLE**

U.S. ARMY SECURITY ASSISTANCE COMMAND  
54 M AVENUE, SUITE 1, NEW CUMBERLAND, PA 17070-5096

E6RW40 PCN F10JA31664W ACKNOWLEDGEMENT OF SDRS RECEIVED 09/22/02 PAGE 1

DOCUMENT NUMBER	SDR RIC-TO	SDR NUMBER	SDR SUFFIX	CASE	NSN	DATE RECEIVED AT USASAC
BXXD5420851098A	S9C	D1059	0	BCX	4910000195241	02255
BXXL5420362045	BKZ	A2312	0	BQS	1015010929085	02255
BXXL5420600004	S9E	L1215	0	BWA	1240000595835	02255
BXXL5413311008	S9E	L1244	0	BWA	5935013043297	02255
BXXL5420871087	B17	L1243	0	BWA	2935001778331	02255
BXXL5420911008	B17	L2143	0	BWA	6620010653740	02255

COUNTRY: XX

NEW SDRS RECEIVED: 6

**SAMPLE**

1 December 2002

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FIGURE 2

CUSTOMER STATUS OF OPEN AND CLOSED SDR REPORTS

SAMPLE

U.S. ARMY SECURITY ASSISTANCE COMMAND  
54 M AVENUE, SUITE 1, NEW CUMBERLAND, PA 17070-5096

SSA XX

CUSTOMER STATUS OF OPEN SDRS

E7MM40 F10XA31454M

AS OF 09/01/02

PAGE 1

C	CC	CASE	DOCUMENT	SDR	S	NSN	MRO	UNIT	EXT	TY	AC	ADJ	BILL	INTR	ACT	PRG	PRG	
					F		RIC	RIC	QTY	PRICE	DC	DS	VAL	NO	STAT	TKN	CDE	DTE
S	XX	KSW	N5V80570016	C2003	0	3040014129558	S9C	AQ5	0000001	5168.00	Q2	2A	GCACW	9805	83	C	02108	
S	XX	KTF	M5V02430113	C2004	E	1680001791229	S9G		0000004	580.07	S2	2J	NCACT	0106	32	P	02233	
		XX	KTI	N5V1046E991	C2009	0	5945012076456	S9E	SDH	0000002	81.00	W1	2A	DUACM	0103	09	L	02112
S	XX	KTR	M5V12880047	C2003	0	5998011157155	B17	BR4	0000003	836.16	W2	2A	W1842	0112	09	L	02240	
S	XX	KTR	N5V1254G055	C2005	0	5975013340999	B17	AN5	0000001	1678.42	W2	2A	U0397	0111	09	L	02177	
S	XX	KTR	N5V20730031	C2010	0	4730011422980	S9C	SEP	0000012	71.96	S1	2J	GCACL	0204	81	C	02162	
S	XX	KTR	45V13250010	C2004	0	5320012707364	S9I	SDD	0000198	144.31	S1	2J	8LACQ	0201	83	C	02079	

COUNTRY: XX

TOTAL NUMBER OF LINES: 7

VALUE: 8559.92

SAMPLE

1 December 2002

FIGURE 3  
SDR CLOSURE REPORT

**SAMPLE**

US ARMY SECURITY ASSISTANCE COMMAND  
54 M AVENUE, SUITE 1, NEW CUMBERLAND, PA 17070-5096

F10XA31824M

SUPPLY DISCREPANCY REPORT

DATE: 09/01/02

E7PM40

CLOSURE/BILLING ADJUSTMENT ACTIONS COMPLETED

PAGE 1

CC	CASE	SDR NO	R S	DOCUMENT NO	S F	QTY	VALUE PROCESSED	REMARKS
XX	KTF	C1022	0	BXXM5V01150063		0000002	1902.92	CREDIT IS BEING PROCESSED.

THIS REPORT IS A SUMMARY OF THE BILLING ACTIONS TAKEN ON THE ATTACHED SDRS (SF 364).  
THESE RECORDS ARE CONSIDERED CLOSED AT THIS COMMAND.

**SAMPLE**

# SDR Progression Date Codes

		Dispo	No Dispo	Non Receipt (to Depot)	Charged to
A	Hard copy received at USASAC (3 days to get it loaded in CISIL).				USASAC CCM
B	Add'l 12 days to get SDR processed and moved to next Date Code.				USASAC CCM
C	SDR sent to supply source.				Supply Source
D	Non-Receipt SDR sent to the shipping depot for proof of shipment.				Shipping Depot
	Mailing Time Allowed				
E	Date returned to USASAC by the supply source/shipping depot.				USASAC CCM
F	Date returned to USASAC by the supply source with debit/credit authorized.				N/A
G	Date USASAC forwards request for additional information to country per supply source request.	60	60		Country
I	Date USASAC receives additional information from country or shipping depot and forwards to supply source.	30	30		Supply Source
J	Date supply source responds to additional information with their proposed settlement of SDR (other than disposition instructions).	15	15		USASAC CCM
K	Date disposition instructions received from supply source.	15			USASAC CCM
L	Date USASAC forwards disposition instructions to country.				Country
N	Date USASAC receives evidence that country is returning materiel and forwards to supply source.				USASAC CCM
O	Date SDR held at USASAC for policy decision from a higher authority or package prepared for SDR Review Board.				USASAC CCM
P	Date supply source authorizes billing adjustment and sends request for billing adjustment to DFAS.				DFAS
Q	Date irresolvable SDR sent to USASAC-NC finance office for credit processing.	45	45		USASAC RM
R	Date write-off (SDR less than \$300) sent to USASAC-NC finance office.	45	45		USASAC RM
W	Billing adjustment (image bill) posted.				USASAC CCM
X	Date FK record processed at USASAC.	14	14	14	USASAC CCM
Y	Date completion notice forwarded by USASAC to country. (Country has 90 days to request reconsideration, and additional 90 days to contest if they don't accept the reconsideration response).				
Z	Records are automatically moved to Date Z after 2 years at Date Y.				



## APPENDIX A

## TYPE OF DISCREPANCY CODES

The following codes are used to provide a description of the discrepant condition. Preprinted codes on the face of the Standard Form 364 may be supplemented from this list of codes. Use of the expanded list of codes is encouraged to clearly identify the discrepant situation and reduce the need for narrative descriptions:

**Condition of Material**

- C1 In a condition other than shown on supply document or on the supporting inspection/test certificate.
- C2 Expired shelf life.
- C3 Damaged U.S. Postal Service shipment. (The Security Assistance (SA) customers are authorized to use this code for all types of damaged shipments.)
- C4 Material received stripped of parts or components (cannibalized). Applicable to material returns or repairs only.
- C5 Incomplete item received. Do not use for incomplete sets/kits/outfits. (See S9.)

**Supply Documentation**

- D1 Supply documentation not received with material.
- D2 Supply documentation illegible or mutilated.
- D3 Supply documentation incomplete, improper, or without authority. (Only when receipt cannot be properly processed.)

**Billing/Financial Discrepancies**

- B1 Requisitioned material received. No record of billing.
- B2 Duplicate billing.
- B3 Wrong amount billed.
- F1 Financial discrepancy involving SA surcharge.



**Overage, Duplicate or Receipt of Canceled Material**

- 01 Quantity received is more than quantity shown on the supply document.
- 02 Quantity received is more than quantity requested plus variance, if applicable (other than unit of issue or unit of pack).
- 03 Quantity duplicates shipment.
- 04 Material received after cancellation.
- 05 Concealed overage discovered in a sealed shipping container.
- 06 Overage due to unit of issue/unit of pack incompatibility (Use only when requisition specified no unit of issue/unit of pack variance).

**Packaging Discrepancy**

- P1 Improper preservation.
- P2 Improper packing.
- P3 Improper markings.
- P4 Improper unitization (includes palletization and containerization).

**Product Quality (Item) Deficiency**

- Q1 Product quality deficiency.
- Q2 Quality deficiency, contractual noncompliance.
- Q3 Design deficiency, item requires change in design.
- Q4 Contracting deficiency, specification and/or technical data deficient.
- Q7 Safety hazard.
- Q8 Latent defect.

**Shortage or Nonreceipt**

- S1 Quantity received less than quantity indicated on supply documentation.
- S2 Quantity received is less than quantity requested minus variance, if applicable (other than unit of issue or unit of pack).
- S3 Total nonreceipt of U.S. Postal Service shipment.
- S5 Total nonreceipt (SA only).

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- S6 Shortage due to unit of issue/unit of pack incompatibility. (Use only when requisition specified no unit of issue/unit of pack variance.)
- S7 Shortage or nonreceipt of an item in a multipack or sealed shipping container.
- S9 Incomplete sets/kits/outfits. Do not use to report cannibalization of SSRI, COEI, or BII. (See C4.)

**Technical Data Markings (Name Plates, Log Books, Operating Handbooks, Special Instructions)**

- T1 Technical data markings missing.
- T2 Technical data markings illegible or mutilated.
- T3 Precautionary operational markings missing.
- T4 Inspection data missing or incomplete.
- T5 Serviceability operating data missing or incomplete.
- T6 Warranty data missing.
- T7 Missing part number on bare item.
- T8 Incorrect part number.
- T9 Operating handbooks, log books, and/or special instructions missing.

**Incorrect (Wrong) Item**

- W1 Incorrect item received.
- W2 Unacceptable substitute received.
- W3 Incorrect item received, but not identifiable to a National Stock Number or part number.
- W4 Misidentified item received.
- W5 Mixed stock received.

**Other Discrepancies**

- Z1 Other discrepancy - see remarks.

Blank

Back of Page A-3

## APPENDIX B

## ACTION CODES

The following codes are used to provide a description of the action requested by the initiator of the Supply Discrepancy Report:

CODE	EXPLANATION
1A	Disposition instructions requested.
2A	Disposition of material and financial adjustment (credit) requested.
1B	Material being retained.
2B	Material being retained. Financial adjustment (debit) requested.
1C	Supporting supply documentation requested.
2C	Technical documentation/data requested.
1G	Reshipment not required. Item to be re-requisitioned.
1H	No action required. Information only.
2J	Financial adjustment requested.
2K	Evidence of shipment requested.
2L	Request billing status.
1Z	Other action requested (see remarks).

Blank

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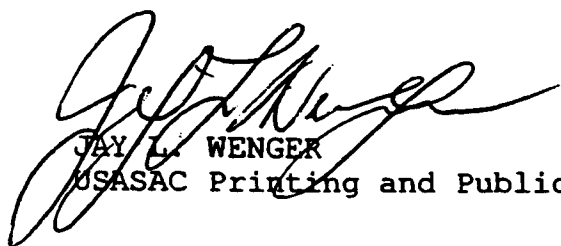
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The Proponent for this Pamphlet is the Directorate for Operations and Logistics (AMSAC-OL). You are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms), directly to: Commander, U.S. Army Security Assistance Command, ATTN: AMSAC-OL-LS-SP, 54 M Avenue, Suite 1, New Cumberland, PA 17070-5096.

FOR THE COMMANDER:

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